86-215

No.

Supreme Court, U.S.
FILED
AUG 12 1986
JOSEPH F. SPANIOL, JR.
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1986

J. A. LAPORTE, INC.,

Petitioner,

v.

NORFOLK DREDGING CO.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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QUESTIONS PRESENTED

This petition presents the following questions:

1. May a Court of Appeals avoid the strictures of Rule 52(a) F.R. Civ. P. by, first assuming a *new* finding of fact *arguendo,* and then amending its opinion to rely on this "critical" finding of fact?

2. Does Rule 52(a) F. R. Civ. P. permit a Court of Appeals to affirm a judgment based on its own new findings of fact?

PARTIES TO THE PROCEEDING BELOW

The only parties to the proceeding below are the two listed in the caption.

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Petitioner J.A. LaPorte, Inc. respectfully Petitions for a Writ of Certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit, in its cause, No. 85-2773.

OPINIONS BELOW

The original opinion of the United States Court of Appeals for the Federal Circuit, dated April 16, 1986, is reported at 787 F.2d 1577. On May 14, 1986, the Court of Appeals clarified the opinion by an unsigned *Erratum*, which did not appear in the Federal Reporter. This opinion, as clarified by the Erratum, and the Erratum itself, appear as Appendix A (1a to 12a) to this Petition.

The opinion of the District Court is reported at 625 F. Supp. 36 and appears as Appendix B (13a-24a).

JURISDICTION

The judgment of the Court of Appeals was entered on April 16, 1986. On May 15, 1986, the Court of Appeals denied a Petition for Rehearing, and on May 22, 1986, the Court of Appeals denied a Suggestion for Rehearing in banc, both filed by Petitioner. The judgment and orders appear, respectively, as Appendix C, Appendix D, and Appendix E (25a-28a).

Jurisdiction of this Court is invoked under 28 U.S.C. § 1254(a). Jurisdiction and venue of the District Court were invoked under 28 U.S.C. §§ 1331(a) and 1400.

STATUTORY PROVISIONS AND PROCEDURAL RULES INVOLVED

35 U.S.C. § 102(b)

> A person shall be entitled to a patent unless. . .
>
> (b) the invention was . . . on sale in this country, more than one year prior to the date of the application for patent in the United States. . .

Rule 52(a) F. R. Civ. P.

> In all actions tried upon the facts without a jury . . . the court shall find the facts specially. . . .
>
> Findings of fact, whether based on oral or documentary evidence, shall not be set aside unless clearly erroneous.

STATEMENT OF THE CASE

In 1977, in Sorel, Canada, Edward Cucheran invented and built a Cutter Extension Cone for a hydraulic dredge. In 1978, Robert Jantzen, a consulting engineer from Baltimore, Maryland, photographed the

Cutter Extension Cone, in Canada, with the permission of his client, Cucheran.

In 1979, Jantzen gave a print of the photograph to one of his United States clients, John MacDonald, president of petitioner J.A. LaPorte. Jantzen urged that LaPorte use a Cutter Extension Cone. LaPorte's then Superintendent, Charles Gillikin, was opposed to the Cutter Extension Cone.

In the fall of 1980, MacDonald decided to have LaPorte use the Cutter Extension Cone on its new job in Charleston Harbor, South Carolina. Gillikin remained opposed to the Cutter Extension Cone, although he was capable of designing one, as he later did, first for LaPorte and then, after leaving LaPorte, for respondent Norfolk Dredging.

In view of Gillikin's opposition, MacDonald, in November 1980, placed an order with Jantzen to design a Cutter Extension Cone and have it built for LaPorte. Later in November 1980, Jantzen retained Ackerman & Baynes, a Baltimore fabricator, to build the Cutter Extension Cone for LaPorte.

Ackerman built the Cutter Extension Cone during November and December 1980, and part of January 1981. The Cutter Extension Cone was delivered to Charleston, South Carolina, where it was first used in late January 1981.

Cucheran filed a patent application on December 7, 1981, and the patent in suit issued in 1983. Cucheran granted LaPorte a Territorial Assignment (to the Southeast).

Norfolk Dredging was charged with infringement, based on using the three Cutter Extension Cones,

built by Gillikin, in the Southeast. Trial occurred in the Eastern District of Virginia in 1984. The District Court issued a Memorandum Opinion and Order, dated July 11, 1985, holding the patent invalid,* concluding that the invention was:

> "... on sale ... more than one year prior to the date of the application..." 35 U.S.C. § 102(b).

The District Court found, and the testimony was uncontested, (1) that LaPorte was a client of Jantzen; (2) that Jantzen in 1979 recommended LaPorte try the Cutter Extension Cone; (3) that in November 1980 MacDonald ordered the design and construction of the Cutter Extension Cone; and (4) that there was a sale of the Cutter Extension Cone.

The District Court concluded that these four factors amounted, as a matter of law, to placing the invention "on sale", 35 U.S.C. § 102(b). LaPorte urged in the District Court and the Court of Appeals that this conclusion was wrong, as a matter of law.**

The District Court did *not* find Jantzen solicited the sale in 1979, or at any time. That was perhaps irrelevant, since in its view, LaPorte put the invention "on sale" by ordering the design and construction by others.

Norfolk Dredging, on appeal, apparently recognized this missing finding of fact was not only relevant, but critical. In its brief it repeatedly, seven times, told the Court of Appeals Jantzen had solicited a sale and implied the District Court had made such a find-

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* A second ground of invalidity was not affirmed by the Court of Appeals.

** The Court of Appeals eventually agreed with LaPorte's legal position, see *infra*.

ing of fact. (See Appendix F, 29a.) One example will suffice:

> "The District Court properly concluded there was a prima facie placing 'on sale' of the invention when Jantzen utilized an enabling photograph of the invention to *solicit a sale* from LaPorte. . . " p. 11 [emphasis added]

Norfolk Dredging cited neither the Memorandum Opinion nor the record for any such assertion of solicitation by Jantzen. There was neither such testimony nor such finding.

THE DECISION BELOW

The Court of Appeals' April 16 opinion affirmed the "on sale" holding on a twice stated legal ground. The conclusion of law was that every completed third party sale has already triggered the "on sale" clause of 35 U.S.C. § 102(b). (Appendix A, p. 6a and 11a.)

The April 16 opinion, in order to make this clear, stated it simply made no difference whether the vendor or the customer solicited the order:

> "Whether we consider that Jantzen's promotion . . . was an offer of sale . . . or that LaPorte's purchase order was an offer to buy . . . either proposition results in a sale. . ." (Appendix A, p. 6a)

LaPorte had urged it did make a difference, a critical difference. Had the record stopped here, this would merely be an interesting opinion on an obscure point of patent law. The record did not, however, stop here.

LaPorte urged in its petition for rehearing that the Court of Appeals' opinion had fundamentally misin-

terpreted the patent laws in necessarily holding that the mere making of an invention triggered the loss of right under 35 U.S.C. § 102(b), *i.e.*, was a Statutory Bar.

LaPorte urged that "making", one of the three exclusive rights, 35 U.S.C. § 271, was signally absent from 35 U.S.C. § 102(b), which expressly made the other two exclusive rights, "using" and "selling", Statutory Bars. LaPorte urged that the right to make entails the right to have made and that an inventor's right to have made, see *Pennock v. Dialogue*, 27 U.S. (2 Peters) 1 (1829), is co-extensive with a third party's right to have made. The conclusion was that a third party (LaPorte) did not trigger the Statutory Bar when it had other third parties (Jantzen and Ackerman) make the Cutter Extension Cone, (See Appendix G 30a-33a).

The Court of Appeals could have dismissed this petition on the usually sound ground that these arguments had all been earlier pressed on the appeal. The Court of Appeals, however, did not do this.

The Court of Appeals "clarified" its opinion on May 14. It inserted the following sentences (italicized passages are the words added in the clarification):

> Thus, a sale of the patented invention occurred *between Jantzen and LaPorte* before the critical date. *LaPorte's arguments that its acquisition of the device should be treated the same as if LaPorte had itself made the device or directly ordered Ackerman and Baynes to make the device ignore the critical finding with respect to the role of Jantzen and are, therefore, rejected.* (Appendix A, p. 7a-8a and 12a)

This clarification itself is obscure, absent LaPorte's there unstated argument that a third party (LaPorte) may have the invention made by another, without triggering a Statutory Bar to the later filing by the inventor.

This clarification explicitly first excludes a hypothetical making by LaPorte itself (making is not a Statutory Bar). The opinion next excludes from the statute "LaPorte . . . directly ordered Ackerman and Baynes to make the device" (having made is not a Statutory Bar). There is no suggestion that LaPorte's actual ordering Ackerman to make the invention, through Jantzen, stood on a different footing than LaPorte's hypothetical directly ordering Ackerman to make the invention.

If Jantzen made a sale to LaPorte, then unarguably so did Ackerman make a sale to LaPorte. Because the Court of Appeals excluded the Ackerman transaction, if solicited by LaPorte, then the Court of Appeals also necessarily excluded the Jantzen transaction including any sale, *if solicited by LaPorte.* LaPorte had thus finally won the legal battle, but not the case.

The Court of Appeals clarification says LaPorte still lost because of the Jantzen transaction. It adverts to the "critical finding" about the role of Jantzen, without identifying it. What critical finding distinguished the Jantzen transaction from the Ackerman transaction? Not the acceptance of the order, since both Ackerman and Jantzen did that. Not the sale, since both Ackerman and Jantzen did that.

The record suggests only two distinctions, and the first was both uncontested and irrelevant. Jantzen,

but not Ackerman, knew of the invention. But knowledge of the invention, learned from an inventor, creates no Statutory Bar, 35 U.S.C. § 102(a) and (b).

The record suggests a second distinction. Jantzen had knowledge, and thus could have solicited the sale. Classic contract law says somebody solicited the November 1980 transaction; somebody made the offer.

The District Court did not find who solicited the sale. The Court of Appeals on April 16 said Jantzen may have solicited or LaPorte may have solicited, but it made no difference. (Appendix A, p. 6a) On May 14, the Court of Appeals said it did matter. (Appendix A, p. 7a-8a, 12a) The Court of Appeals finally elected to abandon the contested legal proposition (having made is a Statutory Bar) and to rest its clarified opinion on the contested factual finding of solicitation by Jantzen.*

The opinion of the Court of Appeals does not indicate whether it was affected by the repeated statements of Norfolk Dredging that Jantzen solicited the sale (see Appendix F, p. 29a), or whether the Court made the critical finding after its own *de novo* review of the record.

Two things, however, are clear. First, the finding that Jantzen solicited the sale was ultimately critical to the holding. Second, that critical finding was made in the first instance by the Court of Appeals and not by the District Court.

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* The Petition for Rehearing contained the now-ironic footnote that the Court of Appeals on April 16 had not based its holding on the new finding of fact, solicitation by Jantzen in 1979.

REASONS FOR GRANTING THE WRIT

This case merits the Court's review because the decision of the Court of Appeals for the Federal Circuit is in direct conflict with Rule 52(a) and the prior holdings of this Court, which proscribe the practice of a *de novo* review of the record, and the entry of new findings, by Courts of Appeals.

ARGUMENT

1. This court has recently granted certiorari and summarily remanded, in *Dennison Mfg. Co. v. Panduit Corp.*, 106 S.Ct. 1578 (1986), where the Federal Circuit engaged in *de novo* fact finding. At least there, as noted by this Court, it is arguable that the issue of patentability is a mixed question of law and fact.

Here, by contrast, no such argument is available. Whether or not someone solicited a sale in 1979 is a paradigm of a pure issue of fact. This case, like *Panduit*, merits summary remand. Unlike *Panduit*, however, this case merits no further opinion on the question of whether solicitation for sale is a question of fact.

2. An unbroken line of authority in this Court proscribes the action taken by the Court of Appeals. It is not the function of appellate courts to decide factual issues *de novo*. *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100 (1969). Where there are two permissible views of the evidence, the District Court view controls. *United States v. Yellow Cab Co.*, 338 U.S. 338 (1949). It is insufficient that a Court of Appeals would have decided the case differently. *Anderson v. City of Bessemer City, North Carolina*, 105 S.Ct. 1504 (1985). A Court of Appeals may not enter

new findings merely because it would have given more weight to certain evidence than the District Court. *Inwood Laboratories v. Ives Laboratories*, 456 U.S. 844 (1982).*

Particularly pertinent is *Icicle Seafoods, Inc. v. Worthington*, 106 S.Ct. 1527 (1986). There that Court of Appeals felt a critical issue (did maritime employment dominate) was omitted from the findings of the District Court, and it made that finding. This Court said a Court of Appeals could remand or could find the lack of the finding "clearly erroneous". What a Court of Appeals cannot do is enter factual findings on its own. The Federal Circuit did, in May 1986, what this Court last said, in April 1986, a Court of Appeals should not do.

3. A Court of Appeals has no more right to engage in *de novo* fact finding in supporting a decision below, than it does in reversing a decision below. The Two Court rule, see *Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147 (1950), suggests this Court should decline to review cases where there have been two consistent factual findings. Here, the District Court made no finding of the "critical" fact and the Court of Appeals made the first finding of that fact.

4. Norfolk Dredging seven times told the Court of Appeals that Jantzen had solicited a sale. Not once

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* This Court has also held *de novo* review proper for actual malice in public figure libel cases, *Bose Corp. v. Consumers Union of United States, Inc.*, 466 U.S. 485 (1984), and for voluntariness of confessions, *Miller v. Fenton*, 106 S.Ct. 445 (1985). These are exceptions to the general rule.

did it acknowledge that the District Court made no such finding of fact.

The Federal Circuit itself has proscribed misrepresentations of the record. *Amstar Corp. v. Envirotech Corp.*, 730 F.2d 1476 (Fed. Cir. 1984), *cert. denied* 105 S.Ct. 306 (1984). Summary remand is warranted for the Court of Appeals to consider whether it was led into *de novo* fact finding by the repeated invitations of Norfolk Dredging.

CONCLUSION

The petition for a writ of certiorari should be granted, and the judgment of the Court of Appeals should be summarily reversed.

Respectfully submitted,

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APPENDIX

APPENDIX A

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Appeal Nos. 85-2773

J. A. LAPORTE, INC.,

Appellant,

v.

NORFOLK DREDGING COMPANY,

Appellee.

DECIDED: April 16, 1986

Before FRIEDMAN, NIES and ARCHER, *Circuit Judges.*

NIES, *Circuit Judge.*

The determinative issue in this appeal is whether activities of a third party created an on-sale bar which invalidated the asserted claims of the patent in suit, No. 4,373,277. The application for the patent in suit for a "Cutter Extension Cone" was filed on December 7, 1981, and issued to Edward Cucheran. Rights in the patent have been granted to appellant, J.A. LaPorte, Inc. LaPorte sued Norfolk Dredging company for infringement in the United States District Court for the Eastern District of Virginia (McKenzie C.J.).[1] Norfolk challenged the validity of the Cucheran patent on two grounds under 35 U.S.C. § 102(b), which provides for a loss of right to a patent where the claimed invention is in public use or on sale in this country

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[1] *J.A. LaPorte, Inc.* v. *Norfolk Dredging Co.*, 625 F. Supp. 36, 227 USPQ 382 (E.D. Va. 1985).

more than one year prior to the filing date of the United States application.[2] The district court here held that the Cucheran invention was both in public use and on sale prior to the critical date of December 7, 1980. We agree that the invention was on sale within the meaning of the statute and, accordingly, affirm the judgment.

Background

The claimed invention[3] is directed to hydraulic dredges of the type used to remove material from the bottom of river channels. These dredges use a cutter head to break up the mud and rock at the bottom of the river. The cutter head is a generally cone-shaped arrangement of helical blades. The helical shape of the turning blades acts to force material from the tip of the cutter back toward the inlet orifice of the suction pipe that carries the material up to the dredge.

The claimed invention is an extension of the cutter head situated behind the suction pipe inlet orifice. The extension carries helical blades oriented in the direction opposite those on the cutter head. The blades on the extension act to direct back toward the intake orifice material which the cutter head has directed past the orifice. LaPorte alleges that the Cucheran invention has doubled the efficiency of its hydraulic dredges.

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[2] 35 U.S.C. § 102(b) provides:

> A person shall be entitled to a patent unless
>
> (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States . . . .

[3] Although each of the two claims of the Cucheran patent is directed to a distinct invention, it is not disputed that both claims read on the extensions built by Cucheran in Canada in 1977 and 1978 and on the device allegedly sold before the critical date. For convenience, we will refer to the claimed inventions in the singular form.

I.

Cucheran invented and built his cutter extension in Canada in 1977. He successfully used it on dredges in Canada in 1977 and 1978. In 1978, a consulting engineer from Baltimore, Maryland, named Jantzen, of whom Cucheran was a client, photographed Cucheran's cutter extension. It is undisputed that Jantzen photographed the extension in Cucheran's presence, with his permission, and with no directions from him concerning confidentiality. In 1979, Jantzen gave a copy of the photograph to another of his customers, John MacDonald, the president of LaPorte. Jantzen told MacDonald of Cucheran's success with the extension and recommended that LaPorte use it on the LaPorte dredges. In November, 1980, MacDonald ordered a cutter extension from Jantzen, at a price of Jantzen's cost plus 15 percent, which was Jantzen's standard method of pricing where no design services were involved. Jantzen contracted with Ackerman & Baynes, Inc. of Baltimore for construction of the extension some time before November 25, 1980. Before initiating the project, Jantzen called Cucheran to let him know as a courtesy what Jantzen was doing and Cucheran said there was "no problem."

In early 1981, MacDonald began urging Jantzen to get Cucheran to seek a patent. An agreement was worked out in 1981 whereby Jantzen and LaPorte financed the preparation and prosecution of Cucheran's application. In return, Cucheran assigned LaPorte the patent rights for Virginia, North Carolina, South Carolina, Georgia and Florida, and gave Jantzen a one-third interest in the remaining rights. The application was filed on December 7, 1981.

Norfolk Dredging company operates a commercial dredging business, primarily in Virginia, North Carolina, South Carolina, Georgia and Florida. In November, 1982, Norfolk Dredging hired Charles Gillikin as a consultant to work on improving the efficiency of one of its dredges.

Gillikin was formerly LaPorte's dredging supervisor. While with LaPorte, he had seen and used the extension and had seen the photographs of the original Cucheran extension, and he recommended its installation on Norfolk's dredges. By January, 1983, Norfolk had ordered four extensions for its cutter heads from Gillikin. Norfolk Dredging does not contend that its cutter extensions are anything but the Cucheran invention.

The Cucheran patent issued February 15, 1983. Shortly thereafter LaPorte filed suit against Norfolk Dredging for patent infringement.

II.

The district court held that the purchase arrangement between Jantzen and LaPorte in November, 1980, created an on-sale bar. The district court applied the test enunciated in *Barmag Barmer Maschinenfabrik AG* v. *Murata Machinery, Ltd.*, 731 F.2d 831, 221 USPQ 561 (Fed. Cir. 1984), stating that test as follows:

(1) that the invention was embodied in the machine offered for sale;

(2) that the invention was reduced to practice and operable [before November, 1980]; and

(3) that the invention was on sale for profit and not for experimentation.[4]

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[4] 625 F. Supp. at 39, 227 USPQ at 384. The court noted that the test was originally set forth in *Timely Products Corp.* v. *Arron*, 523 F.2d 288, 302, 187 USPQ 257, 267-68 (2d Cir. 1975). However, in *Barmag*, 731 F.2d at 837, 221 USPQ at 565, we declined to adopt the *Timely Products* requirement for a physical embodiment of what is offered, stating:

> It is not difficult to conceive of a situation where, because commercial benefits outside the allowed time have been great, the technical requisite of *Timely Products* for a physical embodiment, particularly for a simple product, would defeat the statutory policy

The court found that LaPorte's order met each of these requirements:

> (1) that the Cucheran invention was fully embodied in the cutter cone constructed by Cucheran in 1977; that the sale in November 1980 was made from an actual photograph of that embodiment, in which all necessary details of this very simple device were fully disclosed.***
>
> (2) that the Cucheran patent [sic, invention] was fully operable before the sale in November, 1980. It was successfully utilized on two occasions before November, 1980. Thus, it had been tested sufficiently to verify that it was commercially marketable; and
>
> (3) that the cutter cone was on sale for profit in the transaction with LaPorte in November, 1980, and in no wise was such sale experimental. It is agreed that Jantzen made at least fifteen percent profit over the cost of the components and assembly labor. Reference is made to the holding in *General Electric Co.* v. *United States*, 654 F.2d 55, 59 (Ct. Cl. 1981), wherein the CEC

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and we, therefore, do not adopt the *Timely Products* test as the answer in all cases. However, since the district court concluded that the test was met, and we agree, we need not consider whether a less stringent standard might be appropriate in this case.

Here, for the same reason as in *Barmag*, we need not consider whether a less stringent standard might be appropriate. The district court also correctly modified the *Timely Products* formulation of the test to comport with Federal Circuit precedent. Although not expressly discussed in *Barmag* or any other of our cases discussing *Timely Products*, that case's statement of the first requirement, that "[t]he complete invention claimed must have been embodied in *or obvious in view of* the thing offered for sale" is contrary to *In re Foster*, 343 F.2d 980, 145 USPQ 166 (CCPA 1965), *cert. denied*, 383 U.S. 966, 149 USPQ 906, *reh'g denied*, 384 U.S. 934 (1966) and progeny. If obviousness is involved, the invalidity rests on § 103 based on § 102(b) prior art.

> profit of 20-25 percent over costs of material and labor indicated to that court that the product was priced for sale and sold in a competitive market.

625 F. Supp. at 39-40, 227 USPQ at 384-85.

III.

Issues

1. Was there a sale between Jantzen and LaPorte?

2. Was there no on-sale bar because the invention was not disclosed to the public at the time of the sale?

IV.

Although not stated *in haec verba*, the thrust of the district court's holding is that there was a sale, not merely an offer to sell, which created the § 102(b) bar.[5] Whether we consider that Jantzen's promotion of the Cucheran extension to his "best customer," LaPorte, was an offer of sale which LaPorte accepted by ordering the extension from Jantzen or that LaPorte's purchase order was an offer to buy which Jantzen accepted, either proposition results in a sale before the critical date. *See* U.C.C. § 2-206 (1962). Further, § 102(b) renders invalid a patent directed to an invention placed on sale in the United States more than one year before filing of the patent application. That bar is not limited to sales by the inventor or one under his control, but may result from activities of a third party. *Andrews* v. *Hovey*, 124 U.S. 694, 719 (1888); *In re Caveney*, 761 F.2d 671, 676, 226 USPQ 1, 4 (Fed. Cir.

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[5] Specifically, the district court found that on "[a]bout November 4, 1980 MacDonald, president of LaPorte, contacted Jantzen and ordered the cone for LaPorte's use. . . . The purchase arrangement between LaPorte and Jantzen for the construction of the Cucheran cone occurred in November, 1980, and was on a cost plus percentage basis." 625 F. Supp. at 37, 227 USPQ at 383.

1985); *Pennwalt Corp.* v. *Akzona, Inc.*, 740 F.2d 1573, 1580 n.14, 222 USPQ 833, 837 n.14 (Fed. Cir. 1984); *General Electric Co.* v. *United States*, 654 F.2d 55, 61-62, 211 USPQ 867, 873 (Ct. Cl. 1981). Nor does LaPorte disagree with that proposition of law. However, LaPorte argues that, if it had built the extension itself, there would be no on-sale bar and that having the device fabricated by another should have no different consequence. In LaPorte's view, Jantzen was simply LaPorte's agent to arrange for Ackerman & Baynes to make the extension for LaPorte. Under LaPorte's theory, there was no sale between Jantzen and LaPorte.

We must reject LaPorte's view of the facts. The district court found that LaPorte ordered the extension *from Jantzen. See supra* note 5. As evidence in support of that finding, we note that LaPorte repeatedly says it was Jantzen's "best customer." Moreover, LaPorte's president testified that he ordered the extension *from Jantzen.* Finally, Ackerman & Baynes billed Jantzen, not LaPorte, and LaPorte paid Jantzen his normal fee of cost (as billed by Ackerman) plus 15%. In contrast, LaPorte points to no evidence that Jantzen was LaPorte's "agent" on this transaction any more than on any other. The finding that LaPorte ordered the extension *from* Jantzen is not clearly erroneous.[6]

Thus, a sale of the patented invention occurred *between Jantzen and LaPorte* before the critical date. *LaPorte's arguments that its acquisition of the device should be treated*

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[6] There is no evidence in support of LaPorte's argument that LaPorte and Jantzen were engaged in a joint effort to develop Cucheran's invention at the time of the purchase order. LaPorte and Jantzen's only joint effort, financing Cucheran's patent application, did not occur until months after LaPorte ordered the cutter extension from Jantzen. LaPorte's assertion is further belied by the district court's finding that LaPorte's order was not for experimental purposes but rather was a commercial venture. LaPorte does not argue otherwise on appeal.

*the same as if LaPorte had itself made the device or directly ordered Ackerman and Baynes to make the device ignore the critical finding with respect to the role of Jantzen and are, therefore, rejected.**

V.

Alternatively, LaPorte advances a theory that the sale in this case is not of the kind which gives rise to an on-sale bar as a matter of law.[7] Per LaPorte, while any commercial exploitation of an invention by an inventor (or his assign) before the critical date works a forfeiture of his right to obtain a patent, in contrast, commercial exploitation by third parties does not work a forfeiture against the inventor unless the claimed invention is disclosed to the relevant "public" simultaneously with the sale.

In LaPorte's view, the only purpose of the third-party on-sale bar is to preclude the award of a patent to one who is not deemed an inventor because of prior art. To support this theory, LaPorte cites *CTS Corp.* v. *Piher International Corp.*, 527 F.2d 95, 102, 188 USPQ 419, 425 (7th Cir. 1975), *cert. denied*, 424 U.S. 978, 189 USPQ 384 (1976), which contains the following statement:

> In [third-party on sale] cases, the statutory purpose is to preclude the award of a patent to a person who is not actually the inventor; proof that a product was on sale in the United States more than a year before the application date conclusively places that product in the category of prior art of which the inventor is presumed to have had knowledge.

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* The italicized text is the May 14 Erratum, which stated "For clarification, please make the following insertions." (Appendix A, p. 12a). This correction is *not* reported in 787 F.2d 1577.

[7] Whether a particular activity raises the on-sale bar is a question of law. *Barmag*, 731 F.2d at 837, 221 USPQ at 565.

From *CTS* v. *Piher*, LaPorte reasons that if a third party sale before the critical date informs the public of the claimed invention, the inventor is subjected to a "conclusive legal presumption" that the sold device is "prior art" to his invention under § 102(a). In effect, an inventor in this situation, under LaPorte's theory, is precluded from showing that he made his invention before the date of sale, but the invention must be disclosed to the relevant public by the sale date. A secret commercialization by a third party, per LaPorte, cannot have that effect. LaPorte finds support for a requirement that a third party sale must "disclose" the invention (in the sense of teaching one of ordinary skill in the art how to make it) in *W. L. Gore & Associates* v. *Garlock*, 721 F.2d 1540, 220 USPQ 303 (Fed. Cir. 1983), *cert. denied*, 105 S. Ct. 172 (1984), in which this court held that an inventor was not barred from patenting a process simply because of another's sale of products made by that same process.[8]

While we agree with LaPorte that the purposes of the on-sale bar, in effect, define its terms, *Western Marine Electronics, Inc.* v. *Furuno Electric Co.*, 764 F.2d 840, 845, 226 USPQ 334, 337 (Fed. Cir. 1985); *Barmag*, 731 F.2d at 836, 221 USPQ at 565, we do not agree that the sole purpose of that bar, when it is asserted against the inventor (or patent owner) based on acts of another, is "to preclude the award of a patent to one who is not the

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[8] In LaPorte's own words, its theory is as follows:

> If the inventor is presumed to have knowledge, then the relevant public has knowledge because the invention is in the public domain. If the action does not inform the relevant public, there is no reason for imputing knowledge to the inventor. For this reason, only sales by a third party which inform the relevant public have been held within the "on sale" bar of 35 U.S.C. § 102(b).

LaPorte sees the § 102(b) on-sale bar based on activities of a third party as a species of the § 102(a) prohibition against patenting an invention known to the public before the date of invention.

inventor." *See e.g. In re Caveney*, 761 F.2d at 676, 226 USPQ at 4. The *CTS* court was confronted with a situation involving two inventors who were engaged, *inter alia*, in an interference. In that context, the statutory purpose of { 102(b), stated in the opinion, may be apropos. In this case, we do not have two inventors, but one, and the purpose stated in *CTS* has no applicability here. In any event, however, the *CTS* court was not attempting to enunciate an exhaustive list of the statutory purposes of the on-sale bar.

With respect to *Gore* v. *Garlock*, that decision does not support the broad proposition that the "secret" commercialization of an invention by a third party creates no bar. As indicated, the question there was whether the process had been placed on sale by the third party's sale of a product made by the process. There had been no sale of the process *per se*, and the process was not discoverable from the product. Under those circumstances, the "secret" commercial use of the process by one did not raise the on-sale bar against the other. Contrary to LaPorte's argument, the *Gore* case has no applicability here for several reasons.

First, unlike *Gore*, the invention here was discoverable from the device which was sold. If LaPorte is arguing that, for purposes of the statutory bar, the sale should be deemed to have occurred no earlier than the delivery date of the device (which is after the critical date), that argument is contrary to our precedent and is again rejected. To hold otherwise would mean adding a requirement that goods be "on hand" and transferred at the time of the sale to invoke the bar, a requirement specifically rejected by this court. *Barmag*, 731 F.2d at 836, 221 USPQ at 565. The date of the purchase agreement is, therefore, the effective date on which the invention became part of the

public domain. That delivery of the device embodying the invention occurred later is immaterial.[9]

Secondly, our precedent holds that the question is not whether the sale, even a third party sale, "discloses" the invention at the time of the sale, but whether the sale relates to a device that *embodies* the invention. *King Instrument Corp.* v. *Otari Corp.*, 767 F.2d 853, 860, 226 USPQ 402, 407 (Fed. Cir. 1985), *cert. denied*, 54 U.S.L.W. 3562 (1986); *Barmag*, 731 F.2d at 838, 221 USPQ at 566. The fact that the device here was made from photographs of the inventor's own embodiment of his invention eliminates any question that the subject of the sale and the claimed subject matter of the patent were one and the same.

Finally, LaPorte ignores the fact that LaPorte itself was a member of the relevant public at the time of the sale. Its later acquisition of rights in the patent does not retroactively change its status at that time.

With respect to the inventor Cucheran, he cannot be viewed as a wholly innocent victim here. Cucheran placed the means of commercializing his invention in the hands of Jantzen, expressed no objection to Jantzen's sale of a device embodying the invention to LaPorte, and, shortly after that sale, entered into an arrangement with Jantzen and LaPorte to patent his invention. Cucheran's conduct violates one of the principal policies of § 102(b) which is to encourage early filing. *See General Electric*, 654 F.2d at 61, 211 USPQ at 873. On these facts we see no reason to consider making an exception to the general rule that a third-party sale of a device embodying the claimed invention prior to the critical date invalidates the patent under § 102(b). *In re Caveney, supra.*

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[9] The district court here found that "all necessary details of this very simple device were fully disclosed" by the photographs. 625 F. Supp. at 39, 227 USPQ at 384. Thus, LaPorte had complete knowledge of the invention even before the sale.

V.

The judgment of the district court that claims 1 and 2 of U.S. Patent No. 4,373,277 are invalid is affirmed. Norfolk's request for damages pursuant to Fed. R. App. P. 38 is denied.

AFFIRMED

United States Court of Appeals for the Federal Circuit

May 14, 1986

ERRATUM

Appeal No. 85-2773

J. A. LAPORTE, INC.
v.
NORFOLK DREDGING COMPANY

Decided April 16, 1986

For clarification, please make the following insertions:

Page 8, line 15, after "invention occurred" insert—between Jantzen and LaPorte—and after "critical date." insert—LaPorte's arguments that its acquisition of the device should be treated the same as if LaPorte had itself made the device or directly ordered Ackerman and Baynes to make the device ignore the critical finding with respect to the role of Jantzen and are, therefore, rejected.—.

APPENDIX B

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA

Norfolk Division

CIVIL ACTION NO. 83-694-N

J. A. LaPorte, Inc.,

Plaintiff,

v.

Norfolk Dredging Company,

Defendant.

MEMORANDUM OPINION

Background

This is an action for patent infringement under the patent laws of the United States, Title 35, United States Code. The patent in suit, No. 4,373,277, of a "Cutter Extension Cone", was issued to Edward Cucheran, the named inventor, as patentee. Plaintiff dredging company, J. A. LaPorte, Inc., is the assignee of rights under the patent in several Southeastern States. LaPorte complains that defendant Norfolk Dredging Company has infringed upon the patent. The matter was tried by the Court on the liability issue only.

Findings of Fact

1. J. A. LaPorte, Inc., plaintiff (LaPorte), operates a commercial dredging business along the central East Coast of the United States. John J. MacDonald (Macdonald), is the president of LaPorte and has been the dominating operator thereof for many years.

2. Norfolk Dredging Company, defendant (Norfolk), also operates a commercial dredging business, primarily in Virginia, North Carolina, South Carolina, Georgia and Florida.

3. Robert Jantzen (Jantzen) is a consulting engineer to the dredging industry and is president and operator of Jantzen Engineering company.

4. In 1977, Sceptre Dredging Company (Sceptre), a Canadian concern, was engaged in a channel maintenance contract in the St. Lawrence River System, at Lake St. Pierre in Canada. The engineer in charge and vice-president of Sceptre was Edward Cucheran (Cucheran). Cucheran there described a device which could be attached to the rear of the cutter blades of a hydraulic dredge whose purpose it was to move dredged material forward to the suction pipes of the dredge and thus to allow the dredge to move ahead faster. The Cucheran device was not for "original digging" but would aid in the removal of material that had either silted in or had been cut by the dredge cutter itself. The original Cucheran device had been sketched on scrap paper. Cucheran discussed it with his consulting engineer, Jantzen. A prototype was constructed in 1977 by Fabspec, a Canadian fabricating firm, and was used on a dredge operated by Sceptre in 1977. A similar device was also used by Sceptre in the Welland Canal in 1978 and in the Magdalen Islands in the St. Lawrence River.

5. Jantzen photographed this Cucheran cutter cone prototype in Canada, sometime in 1978, and in turn gave one

of the pictures to Macdonald, President of LaPorte, in 1979.

6. About November 4, 1980 MacDonald, president of LaPorte, contacted Jantzen and ordered the cone for LaPorte's use.

7. LaPorte sent a cutter from its South Carolina depot to Jantzen in Baltimore in order for him to fit the Cucheran cone on an actual cutter in use by LaPorte.

8. The cone was constructed by Ackerman and Baynes Inc., steel fabricators in Baltimore, from Jantzen's photograph of the original cone designed by Cucheran. Construction began before November 25, 1980, the date Ackerman and Baynes opened their ledger sheet on the job.

9. The purchase arrangement between LaPorte and Jantzen for the construction of the Cucheran cone occurred in November, 1980, and was on a cost plus percentage basis.

10. In the spring of 1981 MacDonald of LaPorte raised the question with Jantzen of whether the Cucheran cone was patentable. At that time Jantzen took a negative attitude since the cone had been in use in Canada in 1977. Nevertheless, a patent was pursued. Costs for patent counsel and engineering drawings were paid by Jantzen and LaPorte.

11. In 1982 a patent examiner originally turned down the patent on the basis of prior art but later approved the patent and it was issued.

12. The photograph of the Cucheran cone taken in Canada in 1978 was taken in Cucheran's presence, with his permission, and with no directions from him as to confidentiality. The same photograph, or a copy, in addition to being shown to MacDonald of LaPorte in 1979, was also given to Charles Baynes of Ackerman and Baynes Inc. of

Baltimore, and no request for confidentiality was made to either MacDonald or Baynes. As a matter of fact, photographs (Exhibits 4 and 5) of the Cucheran Cone were made by Ackerman and Baynes in Baltimore and, again, no question of confidentiality in their exhibition was ever raised by anyone.

13. Cucheran was never asked about the patenting of the device he had built in 1977 until MacDonald and Jantzen made such a request to him in 1981.

14. In November, 1982, Russell Thorne, Executive Vice-President of Norfolk Dredging Company, hired Charles Gillikin, a consultant, to make suggestions to improve the production run, *i.e.*, cubic yards of dredged material per hour, of the Norfolk dredge PULLEN.

15. Thorne had already heard in the trade of increases in production for a hydraulic dredge operated by LaPorte using a "big cone". Gillikin, the consultant, recommended the construction of a cutter cone for the PULLEN. Such a cutter cone was immediately built for Norfolk Dredging at Georgetown, South Carolina under Gillikin's direction and within two weeks of order the cone was installed and operating to vastly increase the PULLEN'S cubic yards per hour.

16. Within a period of sixty days, November 3, 1982 to January 3, 1983, Norfolk Dredging had four additional cutter cones constructed. All construction was supervised by Gillikin.

17. This was the same Charles Gillikin who, as dredging supervisor for J. A. LaPorte, Inc., had seen the photographs of the Cucheran cone and had received the Jantzen built cutter cone for LaPorte in Charleston Harbor in January, 1981. He had successfully used it on the LaPorte dredge, CLARENDON, where volume was dramatically increased. This cutter cone was admittedly the Cucheran invention.

18. Nowhere in the testimony of Thorne, Vice-President of Norfolk Dredging, is any effort made to suggest the cutter cones constructed and used by Norfolk Dredging were anything but the Cucheran invention.

19. Thorne, in March, 1983, wrote to a respected engineer in the dredging industry, John Huston, seeking his advice (Exhibit 59) that the cutter cone was ". . . not something new". The actual inquiry was ". . . to see if [Huston] could provide any information that would help support my theory that this [the Cucheran invention] wasn't anything new". Vol. I, page 156. Unfortunately, Mr. Huston's reply (Exhibit 71), was of no aid to Norfolk Dredging.

20. In stipulations in the Final Pretrial Order, Norfolk Dredging agreed that it obtained no opinion of outside counsel concerning their liability under the Cucheran Patent prior to its use of the cutter cone.

Conclusions

Were it not for the fact that we conclude that the Cucheran patent in this case was improperly granted and thus invalid, we would have no problem concluding that the cutter cones made and used by the defendant, Norfolk Dredging Company, did indeed infringe upon the Cucheran invention. The abbreviated findings in paragraphs 14 through 20 above, support infringement to the end that if, upon appellate review, it is determined that the patent is valid, then the appellate court may find infringement and remand this matter on damages, without requiring a new trial on liability.

We conclude that the Cucheran Patent No. 4,373,277 was invalid for two reasons which we comment upon.

I

The plaintiff J. A. LaPorte, Inc.'s order for the cutter cone in November 1980 shows that the invention was "on sale" more than one year prior to Cucheran's application for a patent on December 7, 1981. Jantzen, an engineer in the dredging field, had exhibited his 1978 photograph of the Cucheran cutter cone invention to LaPorte's President, John MacDonald, and had urged him to use it. It is stipulated that the patent in suit was applied for on December 7, *1981*. A statutory critical date, therefore, is December 7, *1980*. The evidence is unassailable that MacDonald, as President of LaPorte, ordered the Cucheran cone in November, 1980. He shipped a dredge cutter from South Carolina to Baltimore in November, 1980, to which the cone was to be attached. Jantzen, the engineer, was to oversee its proper construction. Ackerman and Baynes Inc., the machine shop in Baltimore which built the cutter cone, began work prior to November 25, 1980. The time and material ledger sheet at Ackerman and Baynes Inc. was opened with a November 25, 1980 entry. All of this was *before* the critical date of December 7, *1980*. Under the patent law the invention was "on sale" under the terms of 35 U.S.C. § 102(b), more than one year prior to the patent application. The patent is therefore void under the express statutory language of 35 U.S.C. § 102(b) which provides that a person shall be entitled to a patent unless:

> "The invention was . . . on sale in this country more than one year prior to the date of the application for a patent in the United States."

To refute what was obviously a sale, plaintiff argues that the purchase in November, 1980 was just "experimentation" and not a commercial sale of the invention. We disagree. Jantzen, the engineer, is a longtime personal and business friend of John MacDonald, president of plaintiff, J. A. LaPorte, Inc., a closely held family cor-

poration. MacDonald dominated LaPorte's operation. The two met at least four or five times per month. LaPorte was Jantzen's first and most important client. Jantzen early on had given MacDonald a picture of the Cucheran invention which showed the cutter cone in every necessary detail. (See Appendix 1 and 2.)* Jantzen knew of and had told MacDonald about two dredging operations on which the invention had been used and that it had been very successful. Cucheran had told Jantzen that the "walking distance" of the dredging action of the dredge GENERAL BROCK (an accepted measure of efficiency) had been *doubled.* Most importantly, MacDonald of LaPorte accepted Jantzen's word that the invention had been successfully used.

This Court is absolutely at ease in concluding that the LaPorte order for the Cucheran cutter cone was in no way an "experimental" action for the purpose of perfecting the invention, but was indeed a commercial venture which it hurried to completion and immediately put to work to improve its Charleston dredging operation. An example of plaintiff's strained use of the term "experimental" finds illustration in its own brief wherein plaintiff LaPorte characterizes its entire Charleston Harbor dredging operation, a multi-million dollar project, to be ". . . to some degree 'experimental'."

In *Barmag Barmer Maschinenfabrik AG v. Murata Machinery, Ltd.*, 731 F.2d 831 (Fed. Cir. 1984), the Federal Circuit Court of Appeals reiterated its adherence to the three-requirement standard for determining whether an invention was "on sale" under 35 U.S.C. § 102(b), as set forth in *Timely Products Corporation v. Arron*, 523 F.2d 288 (2d Cir. 1975), which was:

> (1) that the invention was embodied in the machine offered for sale;

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* The Appendices (photographs of the invention) have been omitted.

(2) that the invention was reduced to practice and operable [before November, 1980]; and

(3) that the invention was on sale for profit and not for experimentation. We find under the *Timely Products* tests above:

(1) that the Cucheran invention was fully embodied in the cutter cone constructed by Cucheran in 1977; that the sale in November 1980 was made from an actual photograph of that embodiment, in which all necessary details of this very simple device were fully disclosed. It is indicative of the weakness of the plaintiff's position that it argues that its addition of small triangular braces to support the helical blades represented a substantive change. In the words of the inventor, Mr. Cucheran, the *de minimus* affect of the addition of small braces was illustrated by his statement that if one took away the helical blades and left only the small triangular supports on the cone, it would be totally ineffective and showed that the supports added nothing to the invention, performing only a stiffening action;

(2) that the Cucheran patent was fully operable before the sale in November, 1980. It had been in operation since 1977. It had been successfully utilized on two occasions before November, 1980. Thus, it had been tested sufficiently to verify that it was commercially marketable; and

(3) that the cutter cone was on sale for profit in the transaction with LaPorte in November, 1980, and in no wise was such sale experimental. It is agreed that Jantzen made at least fifteen percent profit over the cost of the components and assembly labor. Reference is made to the holding in *General Electric Co. v. United States*, 654 F.2d 55, 59 (Ct. Cl. 1981), wherein the CEC

profit of 20-25 percent over costs of material and labor indicated to that court that the product was priced for sale and sold in a competitive market.

Through all of this trial the close relationship of Jantzen, the engineer and expert witness for the plaintiff, and John MacDonald, the operating force of plainiff, J. A. LaPorte, was always very evident. The actions and exchanges between them before December 7, 1980, were, to a degree, unguarded because at that time Cucheran had made no move for a patent. This "unprotected" period tightened up considerably between November, 1980 and early 1981, when MacDonald began pushing Jantzen to get Cucheran to seek a patent (with LaPorte's backing, financially and professionally). This push to a patent included LaPorte and Jantzen in the profit picture of the patent. Mr. Jantzen balked at trial at revealing his interest but at the Court's insistence agreed that he owns one-third of the patent. LaPorte has a franchise for its use in the Southeastern States.

This Court therefore concludes that the supportive assertions made at trial, each in favor of the other, and their efforts to make the November, 1980 sale into something else (for instance, an experiment) is clouded with their obvious self-interest, and their credibility was seriously affected thereby.

II

While not as predominating or forceful as the patent invalidity based on the "on sale" picture discussed in Part I, the patent in question here is also invalid since it was described in a printed publication more than one year prior to December 7, 1981, the application date for the patent. Under the patent law the invention was "described in a printed publication" under the terms of 35 U.S.C. § 102(b), and is thus invalid. Section 102(b) provides that a person

shall be entitled to a patent, presumed valid, unless "(b) . . . the invention was . . . described in a printed publication in this or a foreign country, . . . more than one year prior to the date of the application for patent, . . . ".

Inventor Cucheran had his cutter cone fabricated from a crude sketch that he made on the back of a cardboard cigarette box in 1977. A photograph of the cone was taken by Jantzen in 1978, in the presence of Cucheran and without any objection from him, several months after its successful operation by Sceptre in Canada. A print of this photograph was given to MacDonald, president of LaPorte, with no requirement of confidentiality. MacDonald, in turn showed the photograph to at least three other people in the LaPorte organization, again with no requirement or admonishment that it be held in secret.

Jantzen was with Cucheran in Canada in 1977 and knew of the success of the cutter cone. Thereafter, Jantzen suggested to MacDonald that LaPorte attempt to utilize the cutter cone device, especially in light of its successful history in Canada.

Jantzen testified at trial that he took at least two photographs of the Cucheran cone and that at least two pictures thereof were circulating. One was given to MacDonald, as discussed above, and the other was given to Ackerman and Baynes Inc. which had used it to construct the cone for Jantzen. These photographs were freely distributed with no order of secrecy.

Utilizing the photograph almost totally, and with only a rough sketch on a scratch pad indicating dimensions, Ackerman and Baynes successfully constructed the cone for Jantzen with no difficulty and in a short period of time. It was not necessary to contact the inventor to complete this construction. The fabrication was done from the photograph.

Law on the subject of whether a photograph is a "printed publication" is scant. The prevailing case on point,

Universal Athletic Sales v. American Gym, Etc., 546 F.2d 530 (3rd Cir. 1976), offers credence to our decision that the photographs were "printed publications" under the statute. The *Universal* court held that while "neither this Court nor apparently any other tribunal has yet determined whether a photograph itself constitutes a 'printed publication' we believe that a photograph may so qualify for purposes of section 102." *Id.* at 543. *Universal* noted that other courts held that a drawing alone, unaccompanied by a verbal description, may constitute a printed publication. *See e.g. Des Rosiers v. Ford Motor Co.*, 143 F.2d 907, 911-912 (1st Cir. 1944); *In re Bager*, 47 F.2d 951, 953 (C.C.P.A. 1931). The Third Circuit concluded in *Universal* that a photograph may anticipate a patent and thus render it invalid when "with a photograph, one conversant in the pertinent art could make or construct a purported invention without resorting either to the patent or to his own inventive skills." *Universal, supra*, at 543. In the case at bar, the photograph exhibits the invention in detail sufficient to allow the construction of the invention by one conversant in the art, in this case, Anderson and Baynes Inc., which proves the point.

In qualifying the Cucheran cone photographs as printed publication we also conclude that the publication was in the hands of the "public" prior to the critical date of December 7, 1980. The "public" has been defined as "that class of persons concerned with the art to which the document relates and thus most likely to avail themselves of its contents." *The Garrett Corporation v. United States*, 422 F.2d 874, 878 (Ct. Cl. 1970). The unrestricted availability of the Cucheran photographs, to at least three different commercial entities prior to December 1980, satisfies the requirement that the publication be disseminated to the "public". *Id.* at 878.

To qualify as a printed publication, the Cucheran photographs must contain enough information to enable a person of ordinary skill in the art to practice the invention

without undue experimentation. *International Glass Company v. United States*, 408 F.2d 395, 404 (Ct. Cl. 1969). The evidence before us shows that the Cucheran cone was easily reduced to further practice from the photograph of a prototype.

Because the Cucheran patent was described in a printed publication, over a year prior to the application for the patent, it is invalid.

An Order will be entered, contemporaneously with this Memorandum Opinion, finding for the defendant Norfolk Dredging Company.

/s/ JOHN A. MACKENZIE
John MacKenzie
United States District Judge

Norfolk, Virginia

July 11th, 1985.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA

Norfolk Division

CIVIL ACTION
NO. 83-694-N

J. A. LAPORTE, INC.,

Plaintiff,

v.

NORFOLK DREDGING COMPANY,

Defendant.

ORDER

In accordance with the Memorandum Opinion filed by the Court contemporaneously herewith, and encompassing the same by reference thereto, the Court finds in favor of the defendant Norfolk Dredging Company, which shall recover its costs.

It is so ORDERED.

/s/ JOHN A. MACKENZIE
John A. MacKenzie
United States District Judge

Norfolk, Virginia

July 11th, 1985.

APPENDIX C

United States Court of Appeals for the Federal Circuit

Appeal No. 85-2773

J.A. LAPORTE, INC.,

Appellant,

v.

NORFOLK DREDGING COMPANY,

Appellee.

Judgment

On Appeal from the United States District Court for the Eastern District of Virginia in Case No(s). 83-694-N

This Cause having been heard and considered, it is Ordered and Adjudged:

AFFIRMED

ENTERED BY ORDER OF THE COURT

DATED April 16, 1986

/s/ FRANCIS X. GINDHART
FRANCIS X. GINDHART, CLERK

ISSUED AS A MANDATE: May 22, 1986
COSTS: Against, Appellant
PRINTING $40.16
TOTAL $40.16

APPENDIX D

United States Court of Appeals for the Federal Circuit

Appeal No. 85-2773

J. A. LAPORTE, INC.,

Appellant,

v.

NORFOLK DREDGING COMPANY,

Appellee.

Before FRIEDMAN, NIES, and ARCHER, *Circuit Judges.*

ORDER

A petition for rehearing having been filed in this case, UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, denied.

The suggestion for rehearing in banc is under consideration.

FOR THE COURT

/s/ FRANCIS X. GINDHART
FRANCIS X. GINDHART, CLERK

5/15/86
Date

cc: Mr. John T. Roberts
Mr. Robert A. Vanderhye

APPENDIX E

United States Court of Appeals for the Federal Circuit

Appeal Nos. 85-2773

J. A. LAPORTE, INC.,

Appellant,

v.

NORFOLK DREDGING COMPANY,

Appellee.

Before FRIEDMAN, NIES, and ARCHER, *Circuit Judges.*

ORDER

A suggestion for rehearing in banc having been filed in this case,

UPON CONSIDERATION THEREOF, it is

ORDERED that the suggestion for rehearing in banc is declined.

FOR THE COURT

By: /s/ DIANE FRYE, DEPUTY CLERK
FRANCIS X. GINDHART, CLERK

5/22/86
Date

cc: Mr. Kevin E. Joyce
Mr. Paul J. Hayes

APPENDIX F

The following excerpts are from the Brief for Appellee, filed by Norfolk Dredging on December 9, 1985 [*Emphasis* added]:

". . . at the time *Jantzen was selling* the Cucheran cone to LaPorte. . . " (p. 3, par. 3)

". . . *Jantzen solicited a sale* of the Cucheran cutter cone from LaPorte. . ." (p. 3., par. 5)

"*Jantzen*. . . took photographs of the completed cone and used the photographs with one of his main customers, LaPorte, in a conventional manner in order to *solicit a sale* of the cutter cone." (p. 7, par. 1)

"*Jantzen offered* the cone *for sale* to LaPorte, and they accepted the offer and placed an order for the cone!" (p. 10, par. 1)

"The District Court properly concluded that there was a prima facie placing 'on sale' of the invention when *Jantzen* utilized an enabling photograph of the invention to *solicit a sale* from LaPorte. . . " (p. 11, par. 1)

". . . *LaPorte* subsequently *placed an order* for the device *in response to the sales solicitation.*" (p. 11, par. 1)

"The District Court properly found underlying facts which demonstrate the Cucheran patent is invalid under 35 U.S.C. §102(b) in view of a prior *placing 'on sale'* of the invention *by Jantzen* before the critical date. . . " (p. 17, par. 1).

APPENDIX G

IN THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

No. 85-2773

J. A. LAPORTE, INC.,

Appellant,

v.

NORFOLK DREDGING COMPANY,

Appellee.

PETITION FOR REHEARING AND SUGGESTION FOR REHEARING IN BANC

We express a belief, based on a reasoned and studied professional judgment, that the panel decision is contrary to the provisions of 35 U.S.C. { 102(b), in light of 35 U.S.C. § 154 and § 271, is contrary to *Pennock v. Dialogue*, 27 U.S. (2 Pet.) 1 (1829), and involves a precedent setting question of exceptional importance in the construction of the patent laws.

Does the building of an invention, by a person, for his later use, trigger a loss of right to patent by 35 U.S.C. § 102(b)?

* * * * *

There is no more pervasive and important issue in patent law than when an application for a patent must be filed. It affects 100,000 patent applications filed annually and over 900,000 issued and unexpired patents.

The ruling of April 16* finds a new act, the making, building or construction of the invention, a statutory bar act. There are only two acts, **using** (publicly) and **selling** (soliciting), in the statutory bar section, 35 U.S.C. § 102(b). Both are also "exclusive rights" 35 U.S.C. § 154, 271, i.e. **use** and **sale**. The third exclusive right, **making**, §154, 271, is not a § 102(b) statutory bar act. Since **making** was excluded by statute, it should not be included by decision of this court.

The holding, facially, is only that a third party invokes the statutory bar when he has the invention built, for his later use, on contract.** However, there is no statutory distinction between inventors and third parties, nor between building and having built. The opinion does not assert otherwise. The opinion will therefore be cited in the future for adding **making** as a third statutory bar act.

The opinion does not acknowledge the inherent conflict between **making**, as a permitted act, and **selling**, as a prohibited act. Rather, it states that "third party sale" is the sole issue (p. 13) and confines its discussion to two sub-issues which neither meet nor avoid the inherent conflict between **making** and **selling**.

The opinion initially finds there was a "UCC sale", as a matter of fact. However, this was conceded at all times by the original statement of the issue. If Ackerman & Baynes (the fabricating shop) made a "UCC sale", it makes no difference whether Jantzen (the consultant) made a second "UCC sale" or was immunized as an agent. The issue remains—is having an invention built on contract, by a person, for his later use, a statutory bar act.

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* The opinion acknowledges an alternate holding below not reached on appeal (p. 2). That holding, however, was "printed publication", not "public use".

** The opinion notably declined to base its holding on a new finding of fact, solicitation of a sale by Jantzen in 1979, despite the repeated invitation by Norfolk Dredging in its brief to do so.

The opinion next concludes it irrelevant whether the third party "UCC sale" was in public or in private. LaPorte agrees. LaPorte bases its claim on its right to build, not the immunity of secrecy. The right to build subsumes the right to build in public.

That LaPorte was at the time a third party is irrelevant. An in-house building by the inventor (Edward Cucheran) in November 1980, for his employer's later use, would have been a permitted act. *Pennock v. Dialogue*. The statutory bar section treats inventors and third parties alike. Therefore, an in-house building by LaPorte, for its later use, equally would have been a permitted act.

That LaPorte (lacking facilities) had Ackerman & Baynes build the invention, is equally irrelevant. Many business, whole industries, and most individual inventors must employ third parties to build their inventions. Indeed, the opinion recites and implicitly adopts the view that building and having built stand on the same statutory bar footing (p. 7).

Therefore, not one of these four factors furnish a narrower ground on which to base the opinion. Neither the conceded "UCC sale" nor the public-secret sale avoid the conflict between **making** and **selling**. Neither the third party status, nor the on contract building distinguish this case from the rule that building is a permitted act.

The opinion, in denying this right, parts ways with both the statute and precedent. The omission from the statute of **making** has been stated above. In *Pennock*, at pages 18-19, Justice Story equated making by the inventor's employees, with making by the inventor himself. Neither were found to violate the statutory bar (known before filing). Rather the clear statutory policy favoring making was not to be set aside by the literal wording of the statutory bar. This case presents the same issue of whether the policy-favored right to make is now to be set aside by another statutory bar.

Some companies exploit their inventions by making and using them. Dredging is one of them. The balance struck by Congress is that they encounter the bar when they exploit the invention through **use**.

Some companies exploit their inventions by making and selling them. Again the balance struck by Congress is that they encounter the bar when they exploit the invention through **sale**.

It might appeal to Congress to add (or substitute) a third statutory bar act, **making** the invention. All inventions are made before they are used or sold, sometimes months or even years before. This proposal would therefore, for all inventions, move the "critical date" back, for months or years.

For this court to add **making** as a bar, judicially, treads upon the prerogative of a co-equal branch of government, and retroactively invalidates tens of thousands of issued patents.

April 28, 1986

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Supreme Court, U.S.
FILED
SEP 12 1986
JOSEPH F. SPANIOL, JR.
CLERK

No. 86-215

IN THE

Supreme Court of the United States

OCTOBER TERM, 1986

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Petitioner,

v.

NORFOLK DREDGING CO.,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

---

RESPONDENT'S BRIEF IN OPPOSITION

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12pp

QUESTION PRESENTED

Should this Court grant Certiorari in a case involving no special or important issues which is based on a factual finding of the District Court which was not found to be clearly erroneous by the Court below?

PARTIES TO THE PROCEEDING BELOW

The only parties to the proceeding below are the two listed in the caption.*

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* Respondent Norfolk Dredging Company has no parent company, subsidiaries (except wholly owned subsidiaries), or affiliates.

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RESPONDENT'S BRIEF IN OPPOSITION

I. STATEMENT OF THE CASE

Both the District Court and the Court of Appeals for the Federal Circuit found the patent in suit invalid because it was "on sale" more than a year prior to the filing of the patent application. This is a statutory bar to the validity of a patent, established by 35 U.S.C. § 102(b). The following relevant facts are uncontroverted, having been found by the District Court and found "not clearly erroneous" by the Court of Appeals for the Federal Circuit.

Edward Cucheran ("Cucheran") invented a cutter cone used in the dredging industry. Robert Jantzen ("Jantzen"), the President of Jantzen Engineering Company, became the sales agent for Cucheran in the United States. By the time of trial he had acquired a one-third interest in the patent throughout the United States with the exception of the southeast portion of the United States, which area had been given to LaPorte as its exclusive sales area.

Jantzen took a photograph of the Cucheran cone in Cucheran's presence and without any injunction of secrecy from Cucheran. Utilizing the photograph, which is itself an enabling description of the invention, Jantzen urged LaPorte to give the Cucheran cone a try and gave LaPorte's President, John MacDonald ("MacDonald"), a copy of the photograph with no requirement for MacDonald to maintain any secrecy concerning the photograph.

Prior to December 7, 1980 (the statutory bar date) LaPorte placed an order for the cutter cone with Jantzen. Thereupon Jantzen contracted with Ackerman and Baynes ("Ackerman")—an engineering and manufacturing concern— to fabricate a cone to fill LaPorte's order. The photograph was also given to Ackerman without any injunction of secrecy and with the specific knowledge that Ackerman often took photographs of products being produced and hung them on the walls of their offices for display.

Thereupon, Ackerman proceeded to fill Jantzen's order using the same procedure it had followed in the past for other orders placed by Jantzen wherein he ordered equipment to be manufactured for LaPorte where the desired object was not in inventory and was in the nature of a "custom made" job. Jantzen's standard procedure was that he would pay Ackerman for its work (which included a profit) and then deliver the material or equipment to LaPorte on the basis of the Ackerman bill plus

15% profit to Jantzen. This procedure was followed with respect to the Cucheran cone. Ackerman billed Jantzen for its work including profit and Jantzen billed LaPorte for his cost plus 15% for his services.

II. SUMMARY OF ARGUMENT

A. The Cucheran cone was clearly on sale more than one year prior to the filing of the patent application.

B. The Federal Circuit Court did not make any new findings of facts. It simply adopted the factual findings of the District Court.

C. This case has no broad applicability to warrant the consideration of this Court by granting a writ of certiorari.

III. ARGUMENT

A. The Cucheran Cone was Clearly on Sale More than One Year Prior to the Filing of the Patent Application.

The District Court expressly concluded that there was a sale between LaPorte and Jantzen. Specific findings made by the Court include the following:

> 1. "The purchase arrangement between LaPorte and Jantzen for the construction of the Cucheran cone occurred in November, 1980 . . ." (Appendix B, p. 15a).
>
> 2. "To refute what was obviously a sale, plaintiff argues that the purchase in November, 1980 was just 'experimentation' and not a commercial sale of the invention." (Appendix B, p. 18a).
>
> 3. "This Court therefore concludes that the supportive assertions made at trial, each in favor of the other [by Jantzen and MacDonald], and their efforts to make the November, 1980 sale into something else (for instance, an experiment) is clouded with their obvious self-interest and their credibility was seriously affected thereby." (bracketed material added) (Appendix B, p. 21a).

4. "About November 4, 1980 MacDonald, president of LaPorte, contacted Jantzen and ordered the cone for LaPorte's use." (Apppendix B, p. 15a).

5. "Jantzen, an engineer in the dredging field, had exhibited his 1978 photograph of the Cucheran cutter cone invention to LaPorte's president, John MacDonald, and had urged him to use it. . . . The evidence is unassailable that MacDonald, as president of LaPorte, ordered the Cucheran cone in November, 1980." (Appendix B, p. 18a).

Thus the District Court expressly found that the transaction was a sale in November of 1980, that it was a commercial sale, that LaPorte ordered the cone for its own commercial use and that the order was placed in response to Jantzen's urging that LaPorte use the cutter cone. The petitioner's argument that there was no sale because the transaction was generated by the Buyer and not the Seller has no merit. The Court of Appeals for the Federal Circuit agreed that the cone was "on sale" and specifically found that it made no difference whether Jantzen "solicited" a sale from LaPorte or whether LaPorte made an offer to buy the cone which offer Jantzen accepted.

The Federal Circuit Court made the following express statements:

1. "Whether we consider that Jantzen's promotion of the Cucheran extension to his 'best customer,' LaPorte, was an offer of sale which LaPorte accepted by ordering the extension from Jantzen or that La Porte's purchase order was an offer to buy which Jantzen accepted, either proposition results in a sale before the critical date." (Appendix A, p. 6a).

2. "The district court found that LaPorte ordered the extension from Jantzen. See supra note 5. As evidence in support of that finding, we note that LaPorte repeatedly says it was Jantzen's 'best customer'. Moreover, LaPorte's president testified that

> he ordered the extension from Jantzen. Finally, Ackerman & Bay billed Jantzen, not LaPorte, and LaPorte paid Jantzen his normal fee of cost (as billed by Ackerman) plus 15%. . . . The finding that LaPorte ordered the extension from Jantzen is not clearly erroneous." (Appendix A, p. 7a).

3. "Thus a sale of the patented invention occurred between Jantzen and LaPorte before the critical date. LaPorte's arguments that its acquisition of the device should be treated the same as if LaPorte had itself made the device or directly ordered Ackerman and Baynes to make the device ignore the critical finding with respect to the role of Jantzen and are, therefore, rejected." (Appendix A, p. 7a, 8a).

B. The Federal Circuit Court did not Make any New Findings of Facts. It Simply Adopted the Factual Findings of the District Court.

The clear language of the Federal Circuit Court's decision demonstrates that the Court of Appeals did not make any *de novo* fact findings, but instead merely adopted the factual findings of the District Court, which it held were not clearly erroneous.

That is, the Federal Circuit Court in quoted portions 1-3 above specifically held that the District Court's factual findings that LaPorte had ordered the cone *from Jantzen* were not clearly erroneous. Nowhere did the Federal Circuit Court say that Jantzen "solicited" a sale from LaPorte, even though it would have been justified in surmising that the District Court made such a holding from the finding of the District Court that Jantzen *urged* MacDonald to use the cone and then MacDonald *ordered* the cone *from Jantzen.* The District Court's "critical finding" with respect to the role of Jantzen was that he urged LaPorte to try the cone, and then accepted LaPorte's order for the cone.

If the factual findings of the District Court mandate a conclusion that the cutter cone was "on sale" more than one year prior to the date of the filing of the patent application, this is a statutory bar under 35 U.S.C. § 102(b). The conclusion that the Cucheran patent is invalid is inescapable.

Since there has merely been an affirmation by the Court of Appeals for the Federal Circuit of the fact findings made by the District Court, the Two Count Rule of *Great Atlantic and Pacific Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147 (1950) indicates this Court should decline to review this case.

This case has no common thread with *Dennison Manufacturing Company v. Panduit Corp.*, 106 S.Ct. 1578 (1986), cited by LaPorte. In *Dennison*, the case was remanded for further consideration in view of F.R.Civ.P. Rule 52(a) in a situation where the District Court was *reversed* without explanation of why the Federal Circuit weighed the evidence differently than the District Court did. Here, *all* factual findings of the District Court that are relevant were *specifically found* not to be clearly erroneous, and the judgment from the District Court was *affirmed.*

C. This Case has no Broad Applicability to Warrant the Consideration of this Court by Granting a Writ of Certiorari.

This case has no broad applicability whatsoever. It involves, in the scope of things, a minor disagreement between two parties. Its impact is not important to society at large. It does not deal with any significant legal issues that have applicability to anyone besides the parties here. It is a cut and dried, simple, "on sale" patent invalidity case. Under such circumstances, the granting of the Petition is totally unwarranted.

IV. CONCLUSION

LaPorte's Petition for a Writ of Certiorari should be denied.

Respectfully submitted,

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Supreme Court, U.S.
FILED
SEP 22 1986
JOSEPH F. SPANIOL, JR.
CLERK

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PETITIONER'S REPLY BRIEF

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PETITIONER'S REPLY BRIEF

This Petition was based on *de novo* fact finding by the Court of Appeals for the Federal Circuit, namely the new finding that the *seller* (Jantzen) solicited the sale. The Respondent's Brief states the Federal Circuit relied only on the facts found by the District Court, namely that the *buyer* (LaPorte) solicited the sale. There are two problems with Respondent, Norfolk Dredging's, position; those facts do not violate the statute, and the Federal Circuit took pains to avoid saying they did.

LaPorte placed the order to have the cone built by Jantzen and by Ackerman. The Respondent's Brief

assumes without citation this is a violation of the "on sale" clause, 35 U.S.C. § 102(a). However, it is not. No court has ever so held, and no lower court could so hold without distinguishing *Pennock v. Dialogue*, 27 U.S. (2 Peters) 1 (1829), which held that having an invention built by employees did not violate the then-statute's proscription.

The original opinion of the Federal Circuit could be so read when it cryptically equated buyer-solicited sales with seller-solicited sales (p. 6a). When this was pointed out to the Federal Circuit (pp. 30a-33a), the Court "clarified" the opinion (p. 12a). It did not say it was making new law. Rather, it adverted to an unspecified "critical finding" and distinguished the LaPorte-Ackerman buyer solicited sale from the LaPorte-Jantzen sale. The only available ground of distinction was a finding that Jantzen, the seller, solicited that sale.

Norfolk Dredging nine times urged on the Federal Circuit that Jantzen solicited the sale (p. 29a). Norfolk Dredging now admits that the District Court found only that LaPorte, the buyer, solicited the sale. It now urges the "critical finding" (p. 8a) is the uncontested fact that LaPorte, the buyer, ordered the cone (solicited the sale) (p. 15a).

This position now urged by Respondent, Norfolk Dredging, requires only two assumptions. First, Norfolk Dredging assumes that the clarification which distinguished the LaPorte-Ackerman transaction from the LaPorte-Jantzen transaction, in truth equated them. Norfolk Dredging assumes the Federal Circuit said both transactions were buyer solicited. Second, Norfolk Dredging assumes the Federal Circuit made new law, importantly restricting the rights of inven-

tors, and distinguishing precedent of this court, without saying so, and indeed while disclaiming it was doing so. Neither assumption can be seriously entertained.

The Respondent's Brief itself points out a more likely explanation of the Federal Circuit's opinion. It states (p. 5) that the Federal Circuit "would have been justified in surmising" that the District Court made the "holding" (finding) that Jantzen, the seller, solicited the sale. Indeed the Court would have been justified. It was nine times urged that was the fact and it therefore would have been justified in surmising the District Court had so found. That a Court was induced into error does not insulate the error.

CONCLUSION

The Respondent's Brief only reinforces that the judgment below was based on *de novo* fact finding, urged on the Court below by the Respondent itself and defended by the Respondent here as justified. The Petition should be granted and the judgment summarily reversed.

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